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**COMMISSIONERS**  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT  
DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

**TO:** Mike Gleason, Chairman  
William A. Mundell  
Jeff Hatch-Miller  
Kristin K. Mayes  
Gary Pierce

**FROM:** Matthew J. Neubert *mjn*  
Director of Securities

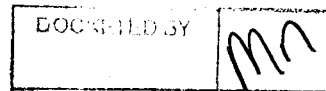
**DATE:** November 13, 2008

**RE:** Asset Salvation Group, L.L.C., *et al.* (Docket No. S-20582A-08-0111); Order to Cease and Desist, for Restitution, and for Administrative Penalty

**CC:** Brian C. McNeil, Executive Director

Arizona Corporation Commission  
DOCKETED

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On February 27, 2008, the Securities Division ("Division") filed a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("TC&D") against Asset Salvation Group, L.L.C.; Dust to Dream Development Group, L.L.C.; JRE Holdings Trust; Jack Robert Erickson, Sr. (collectively "Respondents"), and his spouse Jane Doe Erickson. Respondents filed neither a request for hearing nor an answer to the TC&D as required by law.

Attached is a proposed default Order to Cease and Desist, for Restitution, and for Administrative Penalty ("Order"). The Order finds that Respondents violated A.R.S. §§ 44-1841, 44-1842, and 44-1991 by offering and selling unregistered securities while being unregistered and by violating the anti-fraud provisions of the Securities Act. The Order requires Respondents to cease and desist their activity, pay \$10,000 in restitution, and pay an administrative penalty in the amount of \$10,000.

From December 2005 to at least February 2008, Respondents publicly offered via their Internet website and sold limited liability company membership interests in Asset Salvation Group. Returns of 300 % were advertised, but the fact (among others) that investor money would be used for personal expenses was not disclosed.

The Division believes that the Order is appropriate to protect the public welfare.

Originator: Aaron S. Ludwig

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3 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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5 COMMISSIONERS

6 MIKE GLEASON, Chairman  
7 WILLIAM A. MUNDELL  
8 JEFF HATCH-MILLER  
9 KRISTIN K. MAYES  
10 GARY PIERCE

11 In the matter of )  
12 ) DOCKET NO. S-20582A-08-0111  
13 ASSET SALVATION GROUP, L.L.C., an )  
14 Arizona limited liability company; )  
15 ) DECISION NO. \_\_\_\_\_  
16 JACK ROBERT ERICKSON, SR., )  
17 individually and as trustee of JRE )  
18 HOLDINGS TRUST, and JANE DOE ) **ORDER TO CEASE AND DESIST, FOR**  
19 ERICKSON, husband and wife; ) **RESTITUTION, AND FOR**  
20 ) **ADMINISTRATIVE PENALTY**  
21 JRE HOLDINGS TRUST, an Arizona )  
22 trust/unincorporated entity; and, )  
23 )  
24 DUST TO DREAM DEVELOPMENT )  
25 GROUP, L.L.C., an Arizona limited liability )  
26 company, )  
Respondents. )

1 On February 27, 2008, the Securities Division ("Division") of the Arizona Corporation  
2 Commission ("Commission") filed a Temporary Order to Cease and Desist and Notice of  
3 Opportunity for Hearing ("TC&D") against ASSET SALVATION GROUP, L.L.C.; JACK  
4 ROBERT ERICKSON, SR.; JRE HOLDINGS TRUST; and, DUST TO DREAM  
5 DEVELOPMENT GROUP, L.L.C. (collectively "Respondents").

6 On August 27, 2008, the Division served the TC&D upon ASSET SALVATION GROUP,  
7 L.L.C. and DUST TO DREAM DEVELOPMENT GROUP, L.L.C. pursuant to A.R.S. § 29-606(B)  
8 via the Corporations Division of the Commission.

1 On September 28, 2008, the Division served the TC&D upon JACK ROBERT  
2 ERICKSON, SR. and JRE HOLDINGS TRUST by publication.

3 Respondents filed neither a request for hearing nor an answer to the TC&D as required by  
4 law.

5 **I.**

6 **FINDINGS OF FACT**

7 1. ASSET SALVATION GROUP, L.L.C. ("ASG") is an Arizona limited liability  
8 company with a last known principal place of business in Maricopa County, Arizona.

9 2. JACK ROBERT ERICKSON, SR. ("ERICKSON") is an individual last known to  
10 reside in Maricopa County, Arizona. ERICKSON is the sole manager and a member of ASG and  
11 he is the trustee of JRE HOLDINGS TRUST.

12 3. JRE HOLDINGS TRUST ("JRE") is an Arizona trust/unincorporated entity with a  
13 last known principal place of business in Maricopa County, Arizona.

14 4. DUST TO DREAM DEVELOPMENT GROUP, L.L.C. ("DTD") is an Arizona  
15 limited liability company with a last known principal place of business in Maricopa County,  
16 Arizona. ERICKSON is the sole manager and a member of DTD, along with JRE.

17 5. From December 2005 to at least February 27, 2008, Respondents publicly offered  
18 and sold limited liability company membership interests in ASG, in part via the Internet website  
19 www.thevaluecompanies.com that attracts potential investors with the statement, "You CAN use  
20 your IRA account to Invest in Real Estate" (emphasis in original).

21 6. Requiring a minimum investment of \$10,000.00, Respondents represented that  
22 investors' money will be placed into certificates of deposit (CD's) to secure lines of credit to  
23 purchase real estate/options on real estate and that investors will earn returns on their investments  
24 as follows: "Worst case projection...27%. Best case projection...102%. An annual return of  
25 300% will be achieved on option positions..." Respondents also represented that investors shall  
26 have "no interest in the property owned by [ASG]," that they "shall take no part whatever in the

1 control, management, direction, or operation of [ASG],” and that they “have the option to opt  
2 out” and receive a refund of their investments by giving written notice.

3 7. Respondents sold at least one, \$10,000 limited liability company membership  
4 interest in ASG to an Arizona investor whose money was not placed into a CD to secure a line of  
5 credit to purchase real estate. Not only did this investor NOT receive any return on the  
6 investment, Respondents failed to return the investor’s principal as requested in writing. This  
7 investor’s money was deposited by ASG, transferred to JRE, and used by ERICKSON for  
8 personal expenses.

9 8. Respondents made no representations regarding the risks of investment by and  
10 through IRA accounts or the risks associated with the fact that investors have neither an interest in  
11 the property owned by ASG nor any part whatever in the control, management, direction, or  
12 operation of ASG.

13 9. The limited liability company membership interests in ASG were neither registered  
14 pursuant to Articles 6 or 7 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities  
15 Act”) nor exempt from registration.

16 10. Respondents were neither registered as dealers or salesmen pursuant to Article 9 of  
17 the Securities Act nor exempt from registration.

## 18 II.

### 19 CONCLUSIONS OF LAW

20 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
21 Arizona Constitution and the Securities Act.

22 2. Respondents did not request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-  
23 4-307.

24 3. Respondents offered or sold securities within or from Arizona, within the meaning  
25 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).  
26

1           4.       Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
2 neither registered nor exempt from registration.

3           5.       Respondents violated A.R.S. § 44-1842 by offering or selling securities while  
4 neither registered as dealers or salesmen nor exempt from registration.

5           6.       Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or  
6 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c)  
7 engaging in transactions, practices, or courses of business that operate or would operate as a fraud  
8 or deceit. Respondents' conduct included:

9                   a)       Failing to disclose to offerees and investors that investor money would be  
10 used for ERICKSON'S personal expenses;

11                   b)       Misrepresenting to offerees and investors that their money would be  
12 deposited into CD's to secure lines of credit to purchase real estate/options on real estate;

13                   c)       Misrepresenting to offerees and investors that they would earn substantial  
14 returns on their investments;

15                   d)       Misrepresenting to offerees and investors that they could opt out and receive  
16 a refund of their investments by giving written notice;

17                   e)       Failing to disclose to offerees and investors any risks associated with their  
18 investments.

19           7.       Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.  
20 § 44-2032.

21           8.       Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
22 2032.

23           9.       Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-  
24 2036.

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**III.****ORDER**

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall jointly and severally pay restitution to the Commission in the amount of Ten Thousand Dollars (\$10,000). Payment shall be made in full on the date of this Order. Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. The Commission shall disburse the funds on a pro-rata basis to investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents shall jointly and severally pay an administrative penalty in the amount of Ten Thousand Dollars (\$10,000). Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full. Payment shall be made in full on the date of this Order. The payment obligations for these administrative penalties shall be subordinate to any restitution obligations ordered herein and shall become immediately due and

1 payable only after restitution payments have been paid in full or upon Respondents' default with  
2 respect to Respondents' restitution obligations.

3 IT IS FURTHER ORDERED that a bankruptcy filing by any of the Respondents shall be  
4 an act of default. If any Respondent does not comply with this Order, any outstanding balance  
5 may be deemed in default and shall be immediately due and payable.

6 IT IS FURTHER ORDERED that, if any Respondent fails to comply with this Order, the  
7 Commission may bring further legal proceedings against that Respondent, including application to  
8 the superior court for an order of contempt.

9 ...

10 ...

11 ...

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
\_\_\_\_\_, 2008.

\_\_\_\_\_  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
DISSENT

\_\_\_\_\_  
DISSENT

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
voice phone number 602-542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

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